

St. Louis

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Jan. 1914

December 1st, 1913

Hon. T. E. Lucas,
Parliament Buildings,
Toronto.

Dear Mr. Lucas:

I think that I must have left with you about a fortnight ago a letter that I received from President Van Hise of Wisconsin setting forth the sources of revenue for the State of Wisconsin. If you happen to have the letter still I should be much obliged if you would send it to me, as I should like to have the figures beside me. If you desire to have a copy of the letter you could either have it made yourself or I should be glad to send you a copy.

With kind regards, I am,

Yours sincerely,

President.

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January 19th, 1914

Hon. L. B. Lucas,
Provincial Treasurer,
Parliament Buildings, Toronto.

Dear Mr. Lucas:

Will you allow me to draw your attention to the necessity that the Government shall provide ^{81,706}~~125,000~~ before the end of June of this year, 1914, to meet the deficit upon the current expenditure of the University for the present academic year, which will close on June 30th, 1914? You will doubtless remember that a Committee of the Board of Governors appeared before the Cabinet last June, and presented their estimates for the present year. These estimates, as we explained, were drawn up with rigid economy, but they presented a prospective deficit of \$97,400. The Cabinet then authorised the Governors to act upon the estimates, it being understood that the Government would make extra provision for this deficit at the forthcoming Session of Parliament.

When the books were closed at the end of the academic year, June 30th, 1913, it was found that the expenditure for the year was less than had been estimated. This therefore reduces the anticipated deficit in the current year, which is set forth as follows:

Estimated gross expenditure for the year 1913-14	\$953,460.
Estimated available revenue	834,950.

Gross deficit	118,510.
Available towards this from Reserve Fund	36,804.

	\$81,706.

(Hon. L. B. Lucas)

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January 19th, 1914

The reserve fund above referred to was accumulated by annual surpluses from the year 1906 to the year 1911, but this reserve fund has now been reduced to \$36,804 by reason of repayments to the endowment of money borrowed by permission of the Government for the erection of buildings and to meet deficits on current account for the two years previous to this one. The reserve fund is now wiped out, and at the end of the present year the anticipated deficit will be \$81,700, the amount that we are now asking you to provide.

Yours sincerely,

President.

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19 January, 1914.

MEMORANDUM FOR THE PRESIDENT.

Estimated gross expenditure for the year 1913-14	\$953,460.
Estimated available revenue	<u>834,950.</u>
Gross deficit	118,510.
Available towards this from Reserve Fund	<u>36,804.</u>
	\$ 81,706.

It will perhaps be safer to suggest to the Government that a round sum like \$85,000. should be inserted in their Estimates.

January 28th, 1914

Hon. L. B. Lucas,

Provincial Treasurer,

Parliament Buildings, Toronto.

Dear Mr. Lucas:

Sir Edmund Walker has spoken to me about preparing a memorandum ^{giving} ~~containing~~ a fuller account of the present conditions of the University finances than that contained in the letter which he forwarded to you. I am sending you a copy of the estimates that were passed at the meeting of the Board of Governors ~~last June~~, and which were presented to the Cabinet when we appeared before it last June.

As I recall the interview we had with the Cabinet, the only two speakers on behalf of the Governors were Sir Edmund Osler and myself.

I set before the Cabinet the fact that the estimates had been drawn up on ~~an~~ ^{the most} economical basis, ~~that the total increase over the preceding year was~~ ^{the addition} somewhere in the neighborhood of \$25,000, ~~and that this was almost~~ ^{the only additions} ~~entirely due to the statutory increases in salaries, these salaries which~~ ^{being only} ~~increasing~~ ^{advance} within limits by \$100 a year, ~~There were~~ ^{and} a number of new appointments and promotions, which were necessary to ~~keep~~ ^{retain} our present staff and not to cripple the work of the University. On the other hand there was a reduction to the lowest limits in the maintenance of the university buildings and laboratories.

As was pointed out in the special report on "The Development of the University", which was presented to the Government a year ago, the

January 28th, 1914

expansion of the University, due in the main to the increase of students, has been forcing itself upon the Governors year by year. These students

had to be housed and taught; hence our increase. ~~In addition to~~

~~The erection of buildings to accommodate students & to house new departments which providing teaching facilities for these students, we have had to erect~~
had been recommended by the Commission was in each case but the erection was for the most part
~~buildings simply to accommodate them, and these buildings were erected for~~

~~the housing of the students in departments recommended by the University~~
~~Commission and authorised by the Government.~~ *are aware the buildings*
 As far as we ~~know~~ *in other*

of other Universities ~~buildings~~ are erected from special grants, but our ~~buildings~~

have to be financed out of the annual revenue. Debentures were issued,

and the annual charge ^{therefor} on our ~~revenue~~ ^{revenue} for maintenance each year is now

\$67,000. Coincidentally with this the Succession duties have been falling,

until last year our portion was only \$423,000. A reserve had been

accumulated for several years by reason of a surplus of income over

expenditure, but part of this surplus had been ^{on} expended in repaying borrowings

from capital for the erection of buildings, the result being that at the

close of the year June 30th, 1913, the ^{revenue} ~~surplus~~ was reduced to \$36,804.

Our estimated expenditure for the year 1913-14 ^{is} ~~was~~ \$953,400.

Our

^{is} estimated revenue ~~was~~ \$834,950, made up as follows:

Legislative grants (4,000,000, 7,000,000) = 11,000,000

Fees

~~Land~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

~~Revenue~~

61,250

10,000

500,000

11,500

834,950

*Investment and
Land Revenue
43,200*

(Hon. L. B. Lucas)

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January 28th, 1914

These were the facts that we set before the Government. Since our interview, I am glad to say, ~~that~~ the expenditure of last year was found, when the books were closed, to be less than was anticipated, and our present deficit for the ^{current} forthcoming year is ^{estimated at} \$81,700.

The University Act of 1906, Section 42 states:

" (1) The Board shall not incur any liability or make any expenditure which has the effect of impairing the present endowment of the University and University College, or any addition to such endowment which shall hereafter be made, unless an estimate therefor shall have been first made and approved by the Lieutenant-Governor in Council. "

" (3) The Board shall not incur any liability or make any expenditure for the purchase of land or the erection of buildings unless the same can be met and shall be provided for out of the annual income of the year, or shall be sanctioned by the Lieutenant-Governor in Council."

It was necessary therefore for the Board of Governors to secure the sanction of the Government for carrying these estimates into effect. As you will remember, the Premier speaking on behalf of the Cabinet authorised the Governors to act upon the estimates, saying at the same time ^{that} he realised that some provision would have to be made for meeting the deficit involved in the carrying out of the estimates.

Yours sincerely,

President.

Shortly afterwards
I am
giving the
necessary
authorisation

January 30th, 1914

Hon. L. B. Lucas,
Provincial Treasurer,
Parliament Buildings, Toronto .

Dear Mr. Lucas:

Sir Edmund Walker has spoken to me about preparing a memorandum giving a fuller account of the present conditions of the University finances than that contained in the letter which he forwarded to you. I am sending you a copy of the estimates that were passed at the meeting of the Board of Governors, and which were presented to the Cabinet when we appeared before it last June.

As I recall the interview we had with the Cabinet, the only two speakers on behalf of the Governors were Sir Edmund Osler and myself. I set before the Cabinet the fact that the estimates had been drawn up on the most economical basis, the only additions being the statutory increases in salaries, which advance within limits by \$100 a year, and a number of new appointments and promotions, which were necessary to retain our present staff and not to cripple the work of the University. On the other hand there was a reduction to the lowest limits in the maintenance of the university buildings and laboratories.

As was pointed out in the special report on "The Development of the University", which was presented to the Government a year ago, the expansion of the University, due in the main to the increase of students, has been forcing itself upon the Governors year by year. These students had to be housed and taught: hence our increase. The erection of buildings

to accommodate students and to house new departments which had been recommended by the Commission was in each case authorised by the Government. As far as we are aware the buildings of other Universities are erected from special grants, but ours have to be financed out of the annual revenue. Debentures were issued, and the annual charge therefor on our maintenance revenue each year is now £60,000. Coincidentally with this the Succession duties have been falling, until last year our portion was only £423,000. A reserve had been accumulated for several years by reason of a surplus of income over expenditure, but part of this surplus had been expended in repaying borrowings from capital for the erection of buildings, the result being that at the close of the year June 30th, 1913, the reserve was reduced to £30,804. Our estimated expenditure for the year 1913-14 is £953,400. Our estimated revenue is £834,950, made up as follows:

Legislative grants (£435,000, £7,000, £15,000)	£457,000
Investment and Land Income	43,200
Fees	275,000
Residences and Dining hall receipts	61,250
Power Plant receipts	10,000

	£846,450
Deduct reserve for interest on Scholarship and other Trust Funds, etc.	11,500

	£834,950

These were the facts that we set before the Government. Since our interview, I am glad to say, the expenditure of last year was found, when the books were closed, to be less than was anticipated, and our present deficit for the current year is

January 30th, 1914

our present deficit for the current year is estimated at \$81,700.

The University Act of 1900, Section 42 states:

"(1) The Board shall not incur any liability or make any expenditure which has the effect of impairing the present endowment of the University and University College, or any addition to such endowment which shall hereafter be made, unless an estimate therefor shall have been first made and approved by the Lieutenant-Governor in Council."

"(3) The Board shall not incur any liability or make any expenditure for the purchase of land or the erection of buildings unless the same can be met and shall be provided for out of the annual income of the year, or shall be sanctioned by the Lieutenant-Governor in Council."

It was necessary therefore for the Board of Governors to secure the sanction of the Government for carrying these estimates into effect. As you will remember, the Premier speaking on behalf of the Cabinet authorised the Governors to act upon the estimates, saying at the same time that he realised that some provision would have to be made for meeting the deficit involved in the carrying out of the estimates. Shortly afterwards an Order-in-Council was passed giving the necessary authorisation.

Will you allow me to add in conclusion that this memorandum refers only to the estimates of the present year, which will end on June 30th, 1914? The Board of Governors will find it necessary to interview the Government at some time in the immediate future with regard to the finances of the University for the year which will begin July 1st, 1914.

Yours sincerely,



ONTARIO
TREASURY DEPARTMENT

PERSONAL

Toronto, 2nd March, 1914.

Dear Sir Edmund:-

re University

I have your recent note. Difficult estimates usually go over to the Further Supplementaries on the general principle, I assume, adopted by all governments, "never deal to-day with a difficult matter that you can put off until to-morrow." These Further Supplementaries will not be up for consideration until towards the end of the Session.

In the meantime, the interview referred to in your letter to consider future requirements as well as the deficit should be arranged for.

Yours truly,

A handwritten signature in dark ink, appearing to read "J. A. Lucas", written over a horizontal line.

Sir Edmund Walker, C.V.O. LL.D., D.C.L.,

Chairman, Board of Governors, University of Toronto,

Canadian Bank of Commerce, Toronto.